



ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31 , 2006  
OF THE CONDITION AND AFFAIRS OF THE

Physicians Health Plan of Mid-Michigan - FamilyCare

NAIC Group Code 3408 (Current Period) , 3408 (Prior Period) NAIC Company Code 11537 Employer's ID Number 364497604

Organized under the Laws of Michigan , State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:

Life Accident and Health [ ] Property/Casualty [ ] Hospital , Medical and Dental Service or Indemnity [ ]  
Dental Service Corporation [ ] Vision Service Corporation [ ] Other [ ]  
Health Maintenance Organization [ X ] Is HMO Federally Qualified? Yes ( ) No (X)

Incorporated/Organized May 23, 2002 Commenced Business January 1, 2003

Statutory Home Office 1400 E. Michigan Avenue, Lansing, Michigan 48912 (Street and Number , City or Town, State and Zip Code)

Main Administrative Office 1400 E. Michigan Avenue, Lansing, Michigan 48912 517-364-8400 (Street and Number , City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address PO Box 30377, Lansing, Michigan 48909 (Street and Number , City or Town, State and Zip Code)

Primary Location of Books and Records 1400 E. Michigan, Lansing, Michigan 48912 (Street and Number , City or Town, State and Zip Code)  
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Policyowners Relations Contact and Phone Number 1400 E. Michigan Avenue, Lansing, Michigan 48912 (Street and Number , City or Town, State and Zip Code) 517-364-8400 (Area Code) (Telephone Number) (Extension)

OFFICERS

1. Scott Wilkerson# (President)  
3. Randy Rifkin (Secretary)
2. Chris Bergman# (Treasurer)  
4. David Vis# (Assistant Secretary)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Scott Wilkerson#  
Marylee Davis, PhD  
Ronae Hammond

State of Michigan }  
County of Ingham } SS

The officers of this reporting entity , being duly sworn , each depose and say that they are the described officers of said reporting entity , and that on the reporting period stated above , all of the herein described assets were the absolute property of the said reporting entity , free and clear from any liens or claims thereon , except as herein stated , and that this statement , together with related exhibits , schedules and explanations therein contained , annexed or referred to , is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above , and of its income and deductions therefrom for the period ended , and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures , according to the best of their information , knowledge and belief , respectively .

Scott Wilkerson# President Chris Bergman# Treasurer David Vis# Assistant Secretary

Subscribed and sworn to before me this day of  
a. Is this an original filing? Yes (X) No ( )  
b. If no: 1. State the amendment number 0  
2. Date filed  
3. Number of pages attached 0

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	0	0	0	0
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	3,896,792	0	3,896,792	3,706,965
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... 0 encumbrances) .....	0	0	0	0
4.2 Properties held for the production of income (less \$ ..... 0 encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ ..... 0 encumbrances) .....	0	0	0	0
5. Cash (\$ ..... 82,332 , Schedule E - Part 1) , cash equivalents (\$ ..... 0 , Schedule E - Part 2) and short-term investments (\$ ..... 8,284,991 , Schedule DA) .....	8,367,323	0	8,367,323	6,586,526
6. Contract loans (including \$ ..... 0 premium notes) .....	0	0	0	0
7. Other invested assets (Schedule BA) .....	0	0	0	0
8. Receivables for securities .....	0	0	0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Line 1 through Line 9) .....	12,264,115	0	12,264,115	10,293,491
11. Title plants less \$ ..... 0 charged off (for Title insurers only) .....	0	0	0	0
12. Investment income due and accrued .....	32,898	0	32,898	24,551
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	144,778	0	144,778	308,593
13.2 Deferred premiums , agents' balances and installments booked but deferred and not yet due (including \$ ..... 0 earned but unbilled premiums) .....	0	0	0	0
13.3 Accrued retrospective premiums .....	0	0	0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....	0	0	0	0
14.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
14.3 Other amounts receivable under reinsurance contracts .....	0	0	0	0
15. Amounts receivable relating to uninsured plans .....	0	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0	0
16.2 Net deferred tax asset .....	0	0	0	0
17. Guaranty funds receivable or on deposit .....	0	0	0	0
18. Electronic data processing equipment and software .....	0	0	0	0
19. Furniture and equipment , including health care delivery assets (\$ ..... 0 ) .....	0	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates .....	311,218	0	311,218	232,385
22. Health care (\$ ..... 588,442 ) and other amounts receivable .....	545,285	0	545,285	725,457
23. Aggregate write-ins for other than invested assets .....	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23) .....	13,298,294	0	13,298,294	11,584,477
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
26. TOTALS (Line 24 and Line 25) .....	13,298,294	0	13,298,294	11,584,477
DETAILS OF WRITE-INS				
0901. ....	0	0	0	0
0902. ....	0	0	0	0
0903. ....	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) .....	0	0	0	0
2301. ....	0	0	0	0
2302. ....	0	0	0	0
2303. ....	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ ..... 0 reinsurance ceded) .....	5,668,470	0	5,668,470	4,391,353
2. Accrued medical incentive pool and bonus amounts .....	180,025	0	180,025	319,012
3. Unpaid claims adjustment expenses .....	67,388	0	67,388	38,229
4. Aggregate health policy reserves .....	0	0	0	528,695
5. Aggregate life policy reserves .....	0	0	0	0
6. Property/casualty unearned premium reserve .....	0	0	0	0
7. Aggregate health claim reserves .....	0	0	0	0
8. Premiums received in advance .....	0	0	0	0
9. General expenses due or accrued .....	198,906	0	198,906	92,460
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... 0 on realized capital gains (losses)) .....	0	0	0	0
10.2 Net deferred tax liability .....	0	0	0	0
11. Ceded reinsurance premiums payable .....	0	0	0	0
12. Amounts withheld or retained for the account of others .....	0	0	0	0
13. Remittances and items not allocated .....	0	0	0	0
14. Borrowed money (including \$ ..... 0 current) and interest thereon \$ ..... 0 (including \$ ..... 0 current) .....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates .....	1,079,084	0	1,079,084	485,331
16. Payable for securities .....	0	0	0	0
17. Funds held under reinsurance treaties with (\$ ..... 0 authorized reinsurers and \$ ..... 0 unauthorized reinsurers) .....	0	0	0	0
18. Reinsurance in unauthorized companies .....	0	0	0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0	0	0
20. Liability for amounts held under uninsured plans .....	0	0	0	0
21. Aggregate write-ins for other liabilities (including \$ ..... 0 current) .....	0	0	0	0
22. Total liabilities (Line 1 to Line 21) .....	7,193,873	0	7,193,873	5,855,080
23. Aggregate write-ins for special surplus funds .....	X X X	X X X	0	0
24. Common capital stock .....	X X X	X X X	0	0
25. Preferred capital stock .....	X X X	X X X	0	0
26. Gross paid in and contributed surplus .....	X X X	X X X	0	0
27. Surplus notes .....	X X X	X X X	0	0
28. Aggregate write-ins for other than special surplus funds .....	X X X	X X X	0	0
29. Unassigned funds (surplus) .....	X X X	X X X	6,104,421	5,729,397
30. Less treasury stock, at cost:				
30.1 ..... 0 shares common (value included in Line 24 \$ ..... 0 ) .....	X X X	X X X	0	0
30.2 ..... 0 shares preferred (value included in Line 25 \$ ..... 0 ) .....	X X X	X X X	0	0
31. Total capital and surplus (Line 23 to Line 29 minus Line 30) .....	X X X	X X X	6,104,421	5,729,397
32. Total liabilities, capital and surplus (Line 22 and Line 31) .....	X X X	X X X	13,298,294	11,584,477
DETAILS OF WRITE-INS				
2101. .... 0	0	0	0	0
2102. .... 0	0	0	0	0
2103. .... 0	0	0	0	0
2198. Summary of remaining write-ins for Line 21 from overflow page .....	0	0	0	0
2199. Totals (Line 2101 through Line 2103 plus Line 2198) (Line 21 above) .....	0	0	0	0
2301. ....	X X X	X X X	0	0
2302. ....	X X X	X X X	0	0
2303. ....	X X X	X X X	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X	0	0
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	X X X	X X X	0	0
2801. ....	X X X	X X X	0	0
2802. ....	X X X	X X X	0	0
2803. ....	X X X	X X X	0	0
2898. Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X	0	0
2899. Totals (Line 2801 through Line 2803 plus Line 2898) (Line 28 above) .....	X X X	X X X	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	212,075	236,680
2. Net premium income (including \$ 0 non-health premium income)	X X X	35,740,428	37,474,350
3. Change in unearned premium reserves and reserve for rate credits	X X X	0	0
4. Fee-for-service (net of \$ 0 medical expenses)	X X X	0	0
5. Risk revenue	X X X	0	0
6. Aggregate write-ins for other health care related revenues	X X X	(2,199,832)	(2,203,139)
7. Aggregate write-ins for other non-health revenues	X X X	0	0
8. Total revenues (Line 2 to Line 7)	X X X	33,540,596	35,271,211
Hospital and Medical:			
9. Hospital/medical benefits	0	18,596,057	19,205,172
10. Other professional services	0	3,097,883	2,454,799
11. Outside referrals	0	0	0
12. Emergency room and out-of-area	0	2,764,377	3,284,596
13. Prescription drugs	0	6,061,360	6,138,809
14. Aggregate write-ins for other hospital and medical	0	386,183	260,647
15. Incentive pool, withhold adjustments, and bonus amounts	0	151,831	286,187
16. Subtotal (Line 9 to Line 15)	0	31,057,691	31,630,210
Less:			
17. Net reinsurance recoveries	0	139,410	197,059
18. Total hospital and medical (Line 16 minus Line 17)	0	30,918,281	31,433,151
19. Non-health claims (net)	0	0	0
20. Claims adjustment expenses, including \$ 34,888 cost containment expenses	0	1,051,638	1,193,201
21. General administrative expenses	0	2,697,958	2,885,798
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)	0	(528,695)	528,695
23. Total underwriting deductions (Line 18 through Line 22)	0	34,139,182	36,040,845
24. Net underwriting gain or (loss) (Line 8 minus Line 23)	X X X	(598,586)	(769,634)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)	0	516,254	360,997
26. Net realized capital gains (losses) less capital gains tax of \$ 0	0	(108)	(21)
27. Net investment gains (losses) (Line 25 plus Line 26)	0	516,146	360,976
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0 ) (amount charged off \$ 0 )]	0	0	0
29. Aggregate write-ins for other income or expenses	0	441,186	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus Line 27 plus Line 28 plus Line 29)	X X X	358,746	(408,658)
31. Federal and foreign income taxes incurred	X X X	0	0
32. Net income (loss) (Line 30 minus Line 31)	X X X	358,746	(408,658)
DETAILS OF WRITE-INS			
0601. QAAP Tax	X X X	(2,199,832)	(2,203,139)
0602.	X X X	0	0
0603.	X X X	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X	0	0
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	X X X	(2,199,832)	(2,203,139)
0701.	X X X	0	0
0702.	X X X	0	0
0703.	X X X	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X	0	0
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above)	X X X	0	0
1401. Other Medical Costs	0	386,183	260,647
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	0	386,183	260,647
2901. McLaren Agreement	0	441,186	0
2902.	0	0	0
2903.	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)	0	441,186	0

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year .....	5,729,397	6,247,606
34. Net income or (loss) from Line 32 .....	358,746	(408,658)
35. Change in valuation basis of aggregate policy and claims reserves .....	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ ..... 0 .....	16,278	(109,551)
37. Change in net unrealized foreign exchange capital gain or (loss) .....	0	0
38. Change in net deferred income tax .....	0	0
39. Change in nonadmitted assets .....	0	0
40. Change in unauthorized reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....	0	0
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend) .....	0	0
44.3 Transferred to surplus .....	0	0
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Tranferred from capital .....	0	0
46. Dividends to stockholders .....	0	0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0
48. Net change in capital and surplus (Line 34 to Line 47) .....	375,024	(518,209)
49. Capital and surplus end of reporting year (Line 33 plus Line 48) .....	6,104,421	5,729,397
DETAILS OF WRITE-INS		
4701. ....	0	0
4702. ....	0	0
4703. ....	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....	0	0

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	36,893,392	37,321,131
2. Net investment income	(32,898)	348,689
3. Miscellaneous income	(2,199,832)	(2,203,139)
4. Total (Line 1 through Line 3)	34,660,662	35,466,681
5. Benefit and loss related payments	31,287,204	31,897,953
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	2,407,136	2,864,752
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) \$ 0 net tax of capital gains (losses)	0	0
10. Total (Line 5 through Line 9)	33,694,340	34,762,705
11. Net cash from operations (Line 4 minus Line 10)	966,322	703,976
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	993
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash and short-term investments	0	0
12.7 Miscellaneous proceeds	108	21
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	108	1,014
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	317,530
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	109,551
13.7 Total investments acquired (Line 13.1 through Line 13.6)	0	427,081
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	108	(426,067)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	814,367	561,489
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	814,367	561,489
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	1,780,797	839,398
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	6,586,526	5,747,128
19.2 End of year (Line 18 plus Line 19.1)	8,367,323	6,586,526
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001	0	0
20.0002	0	0
20.0003	0	0
20.0004	0	0
20.0005	0	0
20.0006	0	0
20.0007	0	0
20.0008	0	0
20.0009	0	0
20.0010	0	0

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income .....	35,740,428	0	0	0	0	0	0	35,740,428	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit .....	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Fee-for-service (net of \$ ..... 0 medical expenses) .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
5. Aggregate write-ins for other health care related revenues .....	(2,199,832)	0	0	0	0	0	0	(2,199,832)	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Line 1 through Line 6) .....	33,540,596	0	0	0	0	0	0	33,540,596	0	0	0	0	0
8. Hospital/medical benefits .....	18,596,057	0	0	0	0	0	0	18,596,057	0	0	0	0	XXX
9. Other professional services .....	3,097,883	0	0	0	0	0	0	3,097,883	0	0	0	0	XXX
10. Outside referrals .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
11. Emergency room and out-of-area .....	2,764,377	0	0	0	0	0	0	2,764,377	0	0	0	0	XXX
12. Prescription drugs .....	6,061,360	0	0	0	0	0	0	6,061,360	0	0	0	0	XXX
13. Aggregate write-ins for other hospital and medical .....	386,183	0	0	0	0	0	0	386,183	0	0	0	0	XXX
14. Incentive pool, withhold adjustments, and bonus amounts .....	151,831	0	0	0	0	0	0	151,831	0	0	0	0	XXX
15. Subtotal (Line 8 through Line 14) .....	31,057,691	0	0	0	0	0	0	31,057,691	0	0	0	0	XXX
16. Net reinsurance recoveries .....	139,410	0	0	0	0	0	0	139,410	0	0	0	0	XXX
17. Total hospital and medical (Line 15 minus Line 16) .....	30,918,281	0	0	0	0	0	0	30,918,281	0	0	0	0	XXX
18. Non-health claims (net) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ ..... 34,888 cost containment expenses .....	1,051,638	0	0	0	0	0	0	1,051,638	0	0	0	0	0
20. General administrative expenses .....	2,697,958	0	0	0	0	0	0	2,697,958	0	0	0	0	0
21. Increase in reserves for accident and health contracts .....	(528,695)	0	0	0	0	0	0	(528,695)	0	0	0	0	XXX
22. Increase in reserves for life contracts .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Line 17 through Line 22) .....	34,139,182	0	0	0	0	0	0	34,139,182	0	0	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23) .....	(598,586)	0	0	0	0	0	0	(598,586)	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. QAAP Taxes .....	(2,199,832)	0	0	0	0	0	0	(2,199,832)	0	0	0	0	XXX
0502. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0503. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....	(2,199,832)	0	0	0	0	0	0	(2,199,832)	0	0	0	0	XXX
0601. ....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0602. ....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0603. ....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical Expenses .....	386,183	0	0	0	0	0	0	386,183	0	0	0	0	XXX
1302. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1303. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Line 1301 through Line 1303 plus Line 1398) (Line 13 above) .....	386,183	0	0	0	0	0	0	386,183	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

Part 1 - Premiums

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Column 1 plus Column 2 minus Column 3)
1. Comprehensive (hospital and medical) .....	0	0	0	0
2. Medicare Supplement .....	0	0	0	0
3. Dental only .....	0	0	0	0
4. Vision only .....	0	0	0	0
5. Federal Employees Health Benefits Plan .....	0	0	0	0
6. Title XVIII - Medicare .....	0	0	0	0
7. Title XIX - Medicaid .....	35,879,838	0	139,410	35,740,428
8. Stop loss .....	0	0	0	0
9. Disability income .....	0	0	0	0
10. Long-term care .....	0	0	0	0
11. Other health .....	0	0	0	0
12. Health subtotal (Line 1 through Line 11) .....	35,879,838	0	139,410	35,740,428
13. Life .....	0	0	0	0
14. Property/casualty .....	0	0	0	0
15. Totals (Line 12 to Line 14) .....	35,879,838	0	139,410	35,740,428



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	29,925,589	0	0	0	0	0	0	29,925,589	0	0	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	139,410	0	0	0	0	0	0	139,410	0	0	0	0	0
1.4 Net	29,786,179	0	0	0	0	0	0	29,786,179	0	0	0	0	0
2. Paid medical incentive pools and bonuses	290,818	0	0	0	0	0	0	290,818	0	0	0	0	0
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	5,668,470	0	0	0	0	0	0	5,668,470	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	5,668,470	0	0	0	0	0	0	5,668,470	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	180,025	0	0	0	0	0	0	180,025	0	0	0	0	0
6. Net healthcare receivables (a)	284,425	0	0	0	0	0	0	284,425	0	0	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	4,391,353	0	0	0	0	0	0	4,391,353	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	4,391,353	0	0	0	0	0	0	4,391,353	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	319,012	0	0	0	0	0	0	319,012	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:													
12.1 Direct	30,918,281	0	0	0	0	0	0	30,918,281	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	139,410	0	0	0	0	0	0	139,410	0	0	0	0	0
12.4 Net	30,778,871	0	0	0	0	0	0	30,778,871	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	151,831	0	0	0	0	0	0	151,831	0	0	0	0	0

(a) Excludes \$ 0 loans or advances to providers not yet expensed

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct .....	1,105,352	0	0	0	0	0	0	1,105,352	0	0	0	0	0
1.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.4 Net .....	1,105,352	0	0	0	0	0	0	1,105,352	0	0	0	0	0
2. Incurred but Unreported:													
2.1 Direct .....	4,563,118	0	0	0	0	0	0	4,563,118	0	0	0	0	0
2.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
2.4 Net .....	4,563,118	0	0	0	0	0	0	4,563,118	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct .....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1 Direct .....	5,668,470	0	0	0	0	0	0	5,668,470	0	0	0	0	0
4.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net .....	5,668,470	0	0	0	0	0	0	5,668,470	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Column 1 plus Column 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical) .....	0	0	0	0	0	0
2. Medicare Supplement .....	0	0	0	0	0	0
3. Dental Only .....	0	0	0	0	0	0
4. Vision Only .....	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan.....	0	0	0	0	0	0
6. Title XVIII - Medicare .....	0	0	0	0	0	0
7. Title XIX - Medicaid .....	3,656,201	26,129,978	25,823	5,642,647	3,682,024	4,391,353
8. Other health.....	0	0	0	0	0	0
9. Health subtotal (Line 1 through Line 8) .....	3,656,201	26,129,978	25,823	5,642,647	3,682,024	4,391,353
10. Healthcare receivables (a) .....	147,110	441,332	0	0	147,110	725,757
11. Other non-health.....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts .....	197,579	93,239	3,799	176,226	201,378	319,012
13. Totals (Line 9 plus Line 10 plus Line 11 plus Line 12) .....	4,000,890	26,664,549	29,622	5,818,873	4,030,512	5,436,122

(a) Excludes \$ ..... 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	0	0	0	0	0
2. 2002 .....	0	0	0	0	0
3. 2003 .....	X X X	30,009	1,697	0	0
4. 2004 .....	X X X	X X X	27,153	2,751	0
5. 2005 .....	X X X	X X X	X X X	27,780	3,656
6. 2006 .....	X X X	X X X	X X X	X X X	26,130

Section B - Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	0	0	0	0	0
2. 2002 .....	0	0	0	0	0
3. 2003 .....	X X X	32,690	31,691	31,707	0
4. 2004 .....	X X X	X X X	30,172	30,056	0
5. 2005 .....	X X X	X X X	X X X	32,020	0
6. 2006 .....	X X X	X X X	X X X	X X X	31,773

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....	0	0	0	0.000	0	0.000	0	0	0	0.000
2. 2003 .....	36,677	31,707	1,430	4.510	33,137	90.348	0	0	33,137	90.348
3. 2004 .....	35,251	29,904	1,610	5.384	31,514	89.399	156	0	31,670	89.841
4. 2005 .....	37,474	27,780	1,195	4.302	28,975	77.320	4,555	38	33,568	89.577
5. 2006 .....	35,740	26,130	1,052	4.026	27,182	76.055	5,819	67	33,068	92.524

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	0	0	0	0	0
2. 2002 .....	0	0	0	0	0
3. 2003 .....	X X X	30,009	1,697	0	0
4. 2004 .....	X X X	X X X	27,153	2,751	0
5. 2005 .....	X X X	X X X	X X X	27,780	3,656
6. 2006 .....	X X X	X X X	X X X	X X X	26,130

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	0	0	0	0	0
2. 2002 .....	0	0	0	0	0
3. 2003 .....	X X X	32,690	31,691	31,707	31,707
4. 2004 .....	X X X	X X X	30,172	30,056	30,056
5. 2005 .....	X X X	X X X	X X X	32,020	32,020
6. 2006 .....	X X X	X X X	X X X	X X X	31,773

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....	0	0	0	0.000	0	0.000	0	0	0	0.000
2. 2003 .....	36,677	31,707	1,430	4.510	33,137	90.348	0	0	33,137	90.348
3. 2004 .....	35,251	29,904	1,610	5.384	31,514	89.399	156	0	31,670	89.841
4. 2005 .....	37,474	27,780	1,195	4.302	28,975	77.320	4,555	38	33,568	89.577
5. 2006 .....	35,740	26,130	1,052	4.026	27,182	76.055	5,819	67	33,068	92.524

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves	0	0	0	0	0	0	0	0	0	0	0	0
2. Additional policy reserves (a)	0	0	0	0	0	0	0	0	0	0	0	0
3. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0	0	0	0
4. Reserve for rate credits or experience rating refunds (including \$ 0 for investment income)	0	0	0	0	0	0	0	0	0	0	0	0
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0	0	0	0
6. Totals (gross)	0	0	0	0	0	0	0	0	0	0	0	0
7. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0
8. Totals (Net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims	0	0	NONE					0	0	0	0	0
10. Reserve for future contingent benefits	0	0						0	0	0	0	0
11. Aggregate write-ins for other claim reserves	0	0						0	0	0	0	0
12. Totals (gross)	0	0						0	0	0	0	0
13. Reinsurance ceded	0	0						0	0	0	0	0
14. Totals (Net) (Page 3, Line 7)	0	0						0	0	0	0	0
DETAILS OF WRITE-INS												
0501.	0	0	0	0	0	0	0	0	0	0	0	0
0502.	0	0	0	0	0	0	0	0	0	0	0	0
0503.	0	0	0	0	0	0	0	0	0	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
1101.	0	0	0	0	0	0	0	0	0	0	0	0
1102.	0	0	0	0	0	0	0	0	0	0	0	0
1103.	0	0	0	0	0	0	0	0	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$..... 0 for occupancy of own building) .....	162	4,261	7,922	0	12,345
2. Salaries, wages and other benefits .....	15,541	454,713	1,053,242	0	1,523,496
3. Commissions (less \$..... 0 ceded plus \$..... 0 assumed) .....	879	21,096	30,346	0	52,321
4. Legal fees and expenses .....	0	4,292	27,132	0	31,424
5. Certifications and accreditation fees .....	0	0	0	0	0
6. Auditing, actuarial and other consulting services .....	0	0	305,928	0	305,928
7. Traveling expenses .....	0	1,398	8,835	0	10,233
8. Marketing and advertising .....	0	0	0	0	0
9. Postage, express, and telephone .....	6,936	172,779	279,373	0	459,088
10. Printing and office supplies .....	215	1,359	36,529	0	38,103
11. Occupancy, depreciation and amortization .....	561	35,460	138,437	0	174,458
12. Equipment .....	0	3,945	24,941	0	28,886
13. Cost or depreciation of EDP equipment and software .....	106	516	10,880	0	11,502
14. Outsourced services including EDP, claims, and other services .....	6,470	200,338	508,187	0	714,995
15. Boards, bureaus and association fees .....	0	747	4,723	0	5,470
16. Insurance, except on real estate .....	0	7,331	46,346	0	53,677
17. Collection and bank service charges .....	0	2,024	12,797	0	14,821
18. Group service and administration fees .....	0	0	0	0	0
19. Reimbursements by uninsured accident and health plans .....	0	0	0	0	0
20. Reimbursements from fiscal intermediaries .....	0	0	0	0	0
21. Real estate expenses .....	0	0	0	0	0
22. Real estate taxes .....	0	2,155	13,624	0	15,779
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....	0	0	0	0	0
23.2 State premium taxes .....	306	7,348	10,570	0	18,224
23.3 Regulator authority licenses and fees .....	0	0	0	0	0
23.4 Payroll taxes .....	0	0	0	0	0
23.5 Other (excluding federal income and real estate taxes) .....	0	3,082	19,440	0	22,522
24. Investment expenses not included elsewhere .....	42	1,018	1,465	0	2,525
25. Aggregate write-ins for expenses .....	3,669	92,889	157,242	0	253,800
26. Total expenses incurred (Line 1 to Line 25) .....	34,887	1,016,751	2,697,959	0	(a) 3,749,597
27. Less expenses unpaid December 31, current year .....	0	67,388	198,906	0	266,294
28. Add expenses unpaid December 31, prior year .....	0	38,229	92,460	0	130,689
29. Amounts receivable relating to uninsured accident and health plans, prior year .....	0	0	0	0	0
30. Amounts receivable relating to uninsured accident and health plans, current year .....	0	0	0	0	0
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30) .....	34,887	987,592	2,591,513	0	3,613,992
DETAILS OF WRITE-INS					
2501. Miscellaneous .....	3,669	92,889	157,242	0	253,800
2502. ....	0	0	0	0	0
2503. ....	0	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0	0
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	3,669	92,889	157,242	0	253,800

(a) Includes management fees of \$..... 1,665,060 to affiliates and \$..... 2,069,380 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a) 0	0
1.1 Bonds exempt from U. S. tax	(a) 0	0
1.2 Other bonds (unaffiliated)	(a) 0	0
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	0	0
2.21 Common stocks of affiliates	176,266	176,266
3. Mortgage loans	(c) 0	0
4. Real estate	(d) 0	0
5. Contract loans	0	0
6. Cash, cash equivalents and short-term investments	(e) 317,356	348,688
7. Derivative instruments	(f) 0	0
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	493,622	524,954
11. Investment expenses		(g) 0
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		8,700
16. Totals deductions (Line 11 through Line 15)		8,700
17. Net investment income (Line 10 minus Line 16)		516,254
DETAILS OF WRITE-INS		
0901.	0	0
0902.	0	0
0903.	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Line 0901 through Line 0903 plus Line 0998 ) (Line 9 above)	0	0
1501. Bank Fees		8,700
1502.		0
1503.		0
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		8,700
(a) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.	(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.	
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.	(g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.	(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.	
(d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.	(i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.	
(e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Unrealized Increases (Decreases) by Adjustment	Total
1. U. S. Government bonds	0	0	0	0
1.1 Bonds exempt from U. S. tax	0	0	0	0
1.2 Other bonds (unaffiliated)	0	0	0	0
1.3 Bonds of affiliates	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0
2.2 Common stocks (unaffiliated)	(108)	0	(93,272)	(93,380)
2.21 Common stocks of affiliates	0	0	0	0
3. Mortgage loans	0	0	0	0
4. Real estate	0	0	0	0
5. Contract loans	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0
7. Derivative instruments	0	0	0	0
8. Other invested assets	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0
10. Total capital gains (losses)	(108)	0	(93,272)	(93,380)
DETAILS OF WRITE-INS				
0901.	0	0	0	0
0902.	0	0	0	0
0903.	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Line 0901 through Line 0903 plus Line 0998 ) (Line 9 above)	0	0	0	0



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Exhibit 9 , Analysis of Nonadmitted Assets and Related Items

**NONE**

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6  Current Year Member Months
	1  Prior Year	2  First Quarter	3  Second Quarter	4  Third Quarter	5  Current Year	
1. Health Maintenance Organizations .....	20,277	20,556	16,739	16,552	16,515	212,075
2. Provider Service Organizations .....	0	0	0	0	0	0
3. Preferred Provider Organizations .....	0	0	0	0	0	0
4. Point of Service .....	0	0	0	0	0	0
5. Indemnity Only .....	0	0	0	0	0	0
6. Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
7. Total .....	20,277	20,556	16,739	16,552	16,515	212,075
<b>DETAILS OF WRITE-INS</b>						
0601 .....	0	0	0	0	0	0
0602 .....	0	0	0	0	0	0
0603 .....	0	0	0	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	0	0	0	0	0
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....	0	0	0	0	0	0

## NOTES TO FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

*Organization*—Physicians Health Plan of Mid-Michigan—FamilyCare (“PHPMM-FC”) is a nonprofit health maintenance organization (“HMO”) under the laws of the State of Michigan and is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. Under the articles of incorporation, Physicians Health Plan of Mid-Michigan (“PHPMM”) is the sole member. Effective December 31, 2002, all Medicaid enrollees of PHPMM were transferred to PHPMM-FC, as was the Medicaid HMO contract with the State of Michigan. Sparrow Health System is the sole member of PHPMM.

*Basis of Presentation*—The statutory basis financial statements have been prepared on the basis of accounting practices prescribed or permitted by the Office of Financial and Insurance Services of the State of Michigan (“OFIS”). These practices differ in some respects from accounting principles generally accepted in the United States of America (“GAAP”). Certain assets are considered non-admitted for statutory purposes and are excluded from the balance sheet.

The statutory financial statements are prepared in accordance with the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual—Version effective January 1, 2001 (the “Manual”) as modified by OFIS (statutory accounting principles). Accordingly, the admitted assets, liabilities and surplus of PHPMM—FC as of December 31, 2006 and 2005, and the results of its operations and its cash flow for the years then ended have been determined in accordance with the statutory accounting principles.

Accounting practices and procedures as prescribed or permitted by OFIS comprise a comprehensive basis of accounting other than GAAP. The more significant statutory accounting practices, which differ from GAAP, are as follows:

- The effects of reinsurance are netted against the corresponding assets, liabilities, income, or expenses.
- Certain assets, such as premiums over 90 days past due, goodwill and prepaid expenses are “non-admitted” and are charged against capital and surplus.
- Computer software applications are treated as a non-admitted asset and charged against capital and surplus.
- Changes in unrealized appreciation and depreciation in the value of common stocks are reflected as direct increases or decreases in capital and surplus.
- Classification of items in the statement of cash flows differs from GAAP.

The annual filing includes the medical cost and medical payables from Physicians Health Network (“PHN”) as required by OFIS in accordance with state laws enacted in June 2000. PHN is a wholly-owned subsidiary of Sparrow Health System (SHS). All other information related to PHN has been eliminated and offset by the respective receivable and income reflected in the assets and revenue of PHPMM-FC.

*Cash and Short-Term Investments*—Included in cash and short-term investments are cash and cash equivalents with original maturities of less than three months and other investments with original maturities of less than one year.

*Restricted Investments*—In accordance with Michigan regulatory requirements, PHPMM and PHPMM-FC maintain restricted investments under an agreement with OFIS. The restricted investment reserves are stated at fair value and classified as a non-current asset as they are not available for working capital purposes.

*Common Stocks*—Common stocks are carried at fair value.

## NOTES TO FINANCIAL STATEMENTS

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*Claims Unpaid*—Accrued medical claims and related expenses (hospitalization and other outside medical services) include amounts billed and not paid and an estimate of costs incurred for unbilled services provided at the balance sheet date including claims payable of PHN, as required by the order from OFIS. Such estimates are based on historical payment patterns using actuarial techniques and are regularly reviewed and updated.

*Revenue Recognition*—Premium revenues are recognized in the period in which enrollees are entitled to receive health care services. Premiums received prior to the period of service are recorded as unearned premiums in the accompanying balance sheets. The contract with the State of Michigan for Medicaid HMO services accounted for approximately 100% of total premiums revenue for 2006 and 2005.

*Minimum Net Worth Requirements*—Under the laws of the State of Michigan, PHPMM-FC is required to maintain a minimum net worth and statutory capital. PHPMM-FC was in compliance with the state statutory net worth and statutory capital requirements at December 31, 2006.

The State of Michigan further requires HMOs to maintain positive working capital defined as current assets (net of statutory deposits and escrow) less current liabilities. PHPMM-FC has positive working capital when measured using the statutory basis of accounting.

In addition, the State of Michigan requires PHPMM-FC to provide a statutory deposit. PHPMM-FC maintains its statutory deposit of \$1,000,000 within investments. Currently, PHPMM-FC is in compliance with the statutory deposit requirements.

*Use of Estimates*—The statutory basis financial statements have been prepared in accordance with the accounting practices prescribed or permitted by OFIS. This basis requires the use of certain estimates, the most significant of which are related to incurred but unreported claims for medical services. Actual results could differ from these estimates.

*Hospital/Medical Benefits*—Hospital/Medical benefit expenses include claims paid, claims in process and pending, and estimated unreported claims and charges by physicians, hospitals, and other health care providers for services rendered to PHPMM-FC enrollees during the year and are actuarially determined. Adjustments to prior period estimates are reflected in the current period, and changes in these estimates could be significant.

*Accrued Medical Incentive Pool and Bonus Amounts*—Participating physicians and hospitals are reimbursed for health care services provided at less than 100% of their allowable fees. In addition, a percentage of each participating provider's reimbursement is withheld as a Physician or Hospital Incentive Allowance ("PIA"). The purpose of the PIA is to offset operating deficits, to provide working capital, to fund regulatory requirements, and to provide an incentive for participating physicians and hospitals to control medical costs. At the discretion of the Board of Directors and subject to certain HMO restrictions, all, a portion, or none of the PIA accumulated during the year may be returned to participating providers. It is expected that the Board of Directors will elect to return all of the PIA withheld for 2006 in the amount of \$180,025, as all criteria to return the PIA have been met. The decision will be finalized based upon receipt of the audited financial statements. The Board of Directors elected to return all of the PIA withheld for 2005 in the amount of \$319,012. These amounts are included in medical services expenses and physician and hospital incentive allowance in the accompanying financial statements.

*General Administrative Services*—PHPMM-FC has an administrative services agreement with United Healthcare Services, Inc. ("UHS"), which covers administrative services that are system dependent (i.e., billing, enrollment, claims processing, and accounting). The agreement expires December 31, 2006. UHS provides these services to PHPMM-FC for a fee based on a per member per month basis plus additional "pass-through" costs. PHPMM-FC withholds a portion of the service fee, which may be paid contingent upon UHS's performance under the terms of the agreement. Effective 10/01/2006 an administrative services was enacted with Trizetto, Inc.

NOTES TO FINANCIAL STATEMENTS

*Premium Deficiency Reserves*—A reserve for premium deficiency and the related expense is recognized when it is probable that expected future health care costs, under an existing contract, will exceed future premiums and stop-loss coverage recoveries anticipated over the remaining term of the contract. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated. Any adjustments resulting from these are reflected in current operations. Estimates in reserves are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. Loss contract accruals would be included in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, capital and surplus.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

Not applicable.

3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS

At December 31, 2006, the amortized cost, fair value and net holding gains and losses of investments, including restricted investments of \$1,079,921 are as follows:

	2006		
	Amortized	Net	Fair
	Cost	Unrealized	Value
		Gain	
Cash and short-term investments	\$ 8,367,323	\$ -	\$ 8,367,323
Common stock	3,896,792		3,896,792
Total	<u>\$ 12,264,115</u>	<u>\$ -</u>	<u>\$ 12,264,115</u>
Investment income--interest income	<u>\$ 516,254</u>		

At December 31, 2005, the amortized cost, fair value and net holding gains and losses of investments, including restricted investments of \$1,034,494, are as follows:

NOTES TO FINANCIAL STATEMENTS

	2005		
	Amortized Cost	Net Unrealized Losses	Fair Value
Cash and short-term investments	\$ 6,586,526	\$ -	\$ 6,586,526
Common stock	\$ 3,706,965		\$ 3,706,965
Total	<u>\$ 10,293,491</u>	<u>\$ -</u>	<u>\$ 10,293,491</u>
Investment income--interest income	<u>\$ 360,997</u>		

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

PHPMM-FC has no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.

7. INVESTMENT INCOME

All income due or accrued has been included in the filing.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

PHPMM-FC is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

PHPMM-FC is solely owned by PHPMM, an HMO organized under the laws of the State of Michigan, and a controlled entity of Sparrow Health System (“SHS”).

PHPMM has a contract with PHN. PHPMM members obtain medical services from PHN.

Substantially all administrative services are provided by PHPMM. PHPMM-FC pays PHPMM an amount equal to 20% of certain administrative expenses incurred by PHPMM, which totaled \$2,069,380 in 2006 and \$2,226,070 in 2005.

11. DEBT

Not applicable.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTRETIREMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

Not applicable..

13. CAPITAL AND SURPLUS, SHAREHOLDERS’ DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

**NOTES TO FINANCIAL STATEMENTS**

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Not applicable.

**14. CONTINGENCIES**

PHPMM-FC is required to periodically file financial statements with regulatory agencies in accordance with statutory accounting and reporting practices. PHPMM-FC must comply with the minimum regulatory net worth requirement specified in the Michigan Insurance Code. The regulatory net worth of PHPMM-FC exceeded the aggregate minimum requirements in 2006 and 2005. At December 31, 2006, PHPMM-FC equity was at 292% of RBC.

**15. LEASES**

PHPMM-FC had no lease obligations during 2006 or 2005.

**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

Not applicable.

**17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

Not applicable.

**18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

Not applicable.

**19. DIRECT PREMIUM WRITTEN PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

Not applicable.

**20. SEPTEMBER 11 EVENTS**

Not applicable.

**21. OTHER ITEMS**

Not applicable.

**22. SUBSEQUENT EVENTS**

There are no subsequent events to December 31, 2005 that require disclosure.

**23. REINSURANCE**

PHPMM-FC has a reinsurance contract whereby it cedes exposure of potential losses arising from medical claims, which are in excess of \$200,000. Amounts to be received under reinsurance agreements are recorded as a reduction in healthcare costs when the claim is identified and can be reasonable estimated. Reinsurance ceded contracts does not relieve PHPMM-FC from its obligations to providers. PHPMM-FC initially pays all claims and assumes responsibility for the portion reinsured, to the extent that the reinsured does not meet its obligations assumed under the reinsurance agreement. Reinsurance premiums, net of risk share, in 2006 and 2005 are

NOTES TO FINANCIAL STATEMENTS

\$139,410 and \$172,615, respectively, and net of reinsurance recoveries, in 2006 and 2005 are \$139,410 and \$197,059, respectively.

24. RETROSPECTIVELY RATED CONTRACTS

Not applicable.

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Reserves for incurred claims, including accrued medical incentives, attributable to insured events prior to December 31, 2005 have decreased by \$5,642,647 from \$5,436,122 in 2005 to \$206,525 in 2006. Claims payments accounted for \$4,000,890 of this change while \$1,641,757 is due to changes in estimates, which are included in hospital/medical services expense in the accompanying statutory statements of operations.

26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable.

27. STRUCTURED SETTLEMENTS

Not applicable.

28. HEALTH CARE RECEIVABLES (In 000's)

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
---------	--	---	---	--	--

12/31/2006	337				
9/30/2006	217	115	113		
6/30/2006	118	121	116		
3/30/2006	135	145	133		6

12/31/2005	171				
9/30/2005	150	129	129		



NOTES TO FINANCIAL STATEMENTS

6/30/2005	154	133	133		
3/30/2005	140	128	128		

12/31/2004	123	112	109		
9/30/2004	137	133	125		
6/30/2004	181	134	133		
3/30/2004	142	138	122		11

B. Psychotropic Rebate Receivables

Quarter	Estimated Psychotropic Rebates as Reported on Financial Statements	Psychotropic Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
---------	--	---	---	--	--

12/31/2006	273	266			
9/30/2006	493	335	88	402	
6/30/2006	516	456	225	239	5
3/30/2006	499	492	122	312	39

12/31/2005	312				
9/30/2005	513	634	77	419	6
6/30/2005	515	630	285	339	38
3/30/2005	488	638	186	416	

12/31/2004	493				
9/30/2004	538	128	107	21	

NOTES TO FINANCIAL STATEMENTS

6/30/2004	533	545	544	193	
3/30/2004	760	954	306	648	

C. Risk Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Rec as Est in Prior Yr	Risk Share Rec as Est in Cur Yr	Risk Share Receivable Billed	Risk Share Rec Not Yet Billed	Actual Risk Share Amt Rec'd in Yr Billed	Actual Risk Share Amt Rec'd First Yr Subsequent	Actual Risk Share Amt Rec'd Second Yr Subsequent	Actual Risk Share Amt Rec'd All Other
---------------	-------------------------------	-------------------------------------	---------------------------------	------------------------------	-------------------------------	--	---	--	---------------------------------------

2005	2005	37	30	5	25	34	3		
2006									

2004	2004		37	3	34				
2005									

2003									
2004									

29. PARTICIPATING POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

None as of December 31, 2006.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written with this license, PHPMM-FC has no salvage. As of December 31, 2006 and 2005 the company had no specific accruals established for outstanding subrogation, as it is considered

**NOTES TO FINANCIAL STATEMENTS**

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as a component of the actuarial calculations used to develop the estimates of incurred but not yet reported claims.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....	0	0.000	0	0.000
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies .....	0	0.000	0	0.000
1.3 Foreign government (including Canada, excluding mortgage-backed securities) .....	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....	0	0.000	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....	0	0.000	0	0.000
1.43 Revenue and assessment obligations .....	0	0.000	0	0.000
1.44 Industrial development and similar obligations .....	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....	0	0.000	0	0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....	0	0.000	0	0.000
1.513 All other .....	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....	0	0.000	0	0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....	0	0.000	0	0.000
1.523 All other .....	0	0.000	0	0.000
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....	0	0.000	0	0.000
2.2 Unaffiliated foreign securities .....	0	0.000	0	0.000
2.3 Affiliated securities .....	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds .....	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated .....	0	0.000	0	0.000
3.22 Unaffiliated .....	0	0.000	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....	0	0.000	0	0.000
3.32 Unaffiliated .....	3,896,792	31.774	3,896,792	31.774
3.4 Other equity securities:				
3.41 Affiliated .....	0	0.000	0	0.000
3.42 Unaffiliated .....	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....	0	0.000	0	0.000
3.52 Unaffiliated .....	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development .....	0	0.000	0	0.000
4.2 Agricultural .....	0	0.000	0	0.000
4.3 Single family residential properties .....	0	0.000	0	0.000
4.4 Multifamily residential properties .....	0	0.000	0	0.000
4.5 Commercial loans .....	0	0.000	0	0.000
4.6 Mezzanine real estate loans .....	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by company .....	0	0.000	0	0.000
5.2 Property held for production of income (including \$ ..... 0 of property acquired in satisfaction of debt) .....	0	0.000	0	0.000
5.3 Property held for sale (including \$ ..... 0 property acquired in satisfaction of debt) .....	0	0.000	0	0.000
6. Contract loans .....	0	0.000	0	0.000
7. Receivables for securities .....	0	0.000	0	0.000
8. Cash, cash equivalents and short-term investments .....	8,367,323	68.226	8,367,323	68.226
9. Other invested assets .....	0	0.000	0	0.000
10. Total invested assets .....	12,264,115	100.000	12,264,115	100.000

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes (X) No ( )
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes (X) No ( ) N/A ( )
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ( ) No (X)
- 2.2

If yes, date of change:
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 3.2

State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4

By what department or departments?  
Michigan Office of Financial & Insurance Services (OFIS)
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes ( ) No (X)
- 4.12

renewals?

Yes ( ) No (X)
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes ( ) No (X)
- 4.22

renewals?

Yes ( ) No (X)
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ( ) No (X)
- 5.2

If yes, provide name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ( ) No (X)
- 6.2

If yes, give full information:
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ( ) No (X)
- 7.2

If yes,
- 7.21

State the percentage of foreign control;
- 7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g. individual, corporation, government, manager or attorney-in-fact).

0.0 %

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ( ) No (X)
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ( ) No (X)
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

<div>1</div> <div>Affiliate Name</div>	<div>2</div> <div>Location (City, State)</div>	<div>3</div> <div>FRB</div>	<div>4</div> <div>OCC</div>	<div>5</div> <div>OTS</div>	<div>6</div> <div>FDIC</div>	<div>7</div> <div>SEC</div>

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche 600 Renaissance Center, Detroit, MI 48243-1895
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Timothy P. Rice, ASA is Senior Consultant and employee of:  
Reden-Anders 222 South Ninth Street, Minneapolis, MN 55400
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes ( ) No (X)

11.11

Name of real estate holding company

11.12

Number of parcels involved

0

11.13

Total book/adjusted carrying value

\$ 0
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2

Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located?

Yes ( ) No ( )

12.3

Have there been any changes made to any of the trust indentures during the year?

Yes ( ) No ( )

12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes ( ) No ( ) N/A (X)

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes (X) No ( )
14.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes (X) No ( )
15.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes (X) No ( )

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$ 0

16.12

To stockholders not officers

\$ 0

16.13

Trustees, supreme or grand (Fraternal only)

\$ 0
- 16.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$ 0

16.22

To stockholders not officers

\$ 0

16.23

Trustees, supreme or grand (Fraternal only)

\$ 0
- 17.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes ( ) No (X)
- 17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$ 0

17.22

Borrowed from others

\$ 0

17.23

Leased from others

\$ 0

17.24

Other

\$ 0

Disclose in Notes to Financial Statements the nature of each obligation.
- 18.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes ( ) No (X)
- 18.2

If answer is yes:

18.21

Amount paid as losses or risk adjustment

\$ 0

18.22

Amount paid as expenses

\$ 0

18.23

Other amounts paid

\$ 0
- 19.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes (X) No ( )
- 19.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 311,218

GENERAL INTERROGATORIES

INVESTMENT

20.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes (X) No ( )

20.2

If no, give full and complete information relating thereto:  
.....  
.....

21.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1)

Yes ( ) No (X)

21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

\$ ..... 0

21.22

Subject to repurchase agreements

\$ ..... 0

21.23

Subject to reverse repurchase agreements

\$ ..... 0

21.24

Subject to dollar repurchase agreements

\$ ..... 0

21.25

Subject to reverse dollar repurchase agreements

\$ ..... 0

21.26

Pledged as collateral

\$ ..... 0

21.27

Placed under option agreements

\$ ..... 0

21.28

Letter stock or securities restricted as to sale

\$ ..... 0

21.29

Other

\$ ..... 0

21.3

For category (22.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	0
.....	.....	0
.....	.....	0

22.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes ( ) No (X)

22.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.

Yes ( ) No ( ) N/A (X)

23.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes ( ) No (X)

23.2

If yes, state the amount thereof at December 31 of the current year.

\$ ..... 0

GENERAL INTERROGATORIES

INVESTMENT

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV. J-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ( )

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<sup>1</sup> Name of Custodian (s)	<sup>2</sup> Custodian's Address
Mellon Bank .....	One Mellon Center, Pittsburgh PA 15258-0001 .....
.....	.....
.....	.....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<sup>1</sup> Name(s)	<sup>2</sup> Location(s)	<sup>3</sup> Complete Explanation(s)
.....	.....	.....
.....	.....	.....
.....	.....	.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes ( ) No (X)

24.04 If yes, give full and complete information relating thereto:

<sup>1</sup> Old Custodian	<sup>2</sup> New Custodian	<sup>3</sup> Date of Change	<sup>4</sup> Reason
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<sup>1</sup> Central Registration Depository Number(s)	<sup>2</sup> Name	<sup>3</sup> Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes ( ) No (X)

25.2 If yes, complete the following schedule:

<sup>1</sup> CUSIP#	<sup>2</sup> Name of Mutual Fund	<sup>3</sup> Book/Adjusted Carrying Value
.....	.....	0
.....	.....	0
.....	.....	0
Line 25.2998 from Overflow page .....	.....	0
Line 25.2999 TOTAL (9999999) .....	.....	0

25.3 For each mutual fund listed in the table above, complete the following schedule:

<sup>1</sup> Name of Mutual Fund (from above table)	<sup>2</sup> Name of Significant Holding of the Mutual Fund	<sup>3</sup> Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	<sup>4</sup> Date of Valuation
.....	.....	0	.....
.....	.....	0	.....
.....	.....	0	.....



GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks . Do not substitute amortized value of statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3 Excess of Statement over Fair Value (-) , or Fair Value over Statement (+)
26.1 Bonds .....	\$ ..... 0	\$ ..... 0	\$ ..... 0
26.2 Preferred stocks .....	\$ ..... 0	\$ ..... 0	\$ ..... 0
26.3 Totals .....	\$ ..... 0	\$ ..... 0	\$ ..... 0

26.4 Describe the sources or methods utilized in determining the fair values:  
National Association of Insurance Commissioners  
.....

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes (X) No ( )

27.2 If no, list exceptions:  
.....  
.....

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ ..... 13,281

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans .....	\$ ..... 10,140
.....	\$ ..... 0
.....	\$ ..... 0
.....	\$ ..... 0

29.1 Amount of payments for legal expenses, if any? \$ ..... 39,405

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Foster Swift Collins and Smith .....	\$ ..... 38,689
.....	\$ ..... 0
.....	\$ ..... 0
.....	\$ ..... 0

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ ..... 0

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ ..... 0
.....	\$ ..... 0
.....	\$ ..... 0
.....	\$ ..... 0

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes ( ) No (X)

1.2

If yes, indicate premium earned on U. S. business only.

\$ ..... 0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ ..... 0

1.31

Reason for excluding:

.....

.....

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$ ..... 0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$ ..... 0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ ..... 0

1.62

Total incurred claims

\$ ..... 0

1.63

Number of covered lives

..... 0

All years prior to most current three years:

1.64

Total premium earned

\$ ..... 0

1.65

Total incurred claims

\$ ..... 0

1.66

Number of covered lives

..... 0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ ..... 0

1.72

Total incurred claims

\$ ..... 0

1.73

Number of covered lives

..... 0

All years prior to most current three years:

1.74

Total premium earned

\$ ..... 0

1.75

Total incurred claims

\$ ..... 0

1.76

Number of covered lives

..... 0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$ ..... 35,740,428

2.2

Premium Denominator

\$ ..... 35,740,428

2.3

Premium Ratio (2.1 / 2.2)

..... 1.000

2.4

Reserve Numerator

\$ ..... 5,848,495

2.5

Reserve Denominator

\$ ..... 5,848,495

2.6

Reserve Ratio (2.4 / 2.5)

..... 1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes ( ) No (X)

3.2

If yes, give particulars:

.....

.....

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes (X) No ( )

4.2

If not previously filed furnish herewith a copy(ies) of such agreement(s) . Do these agreements include additional benefits offered?

Yes ( ) No (X)

5.1

Does the reporting entity have stop-loss reinsurance?

Yes (X) No ( )

5.2

If no, explain:

.....

.....

5.3

Maximun retained risk (see instructions)

5.31

Comprehensive Medical

\$ ..... 267,500

5.32

Medical Only

\$ ..... 0

5.33

Medicare Supplement

\$ ..... 0

5.34

Dental

\$ ..... 0

5.35

Other Limited Benefit Plan

\$ ..... 0

5.36

Other

\$ ..... 0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

PHPMM adheres to the Statutory deposit requirements established by NAIC and OFIS.

PHPMM also has established margin at 8% on the balance sheet. In case of insolvency, PHPMM does not need to pay the management contract fee, which in

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes (X) No ( )

7.2

If no, give details:

.....

.....

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

..... 958

8.2

Number of providers at end of reporting year

..... 1,013

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes ( ) No (X)

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

\$ ..... 0

9.22

Business with rate guarantees over 36 months

\$ ..... 0

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes ( ) No (X)

10.2

If yes:

10.21

Maximum amount payable bonuses

\$ ..... 200,000

10.22

Amount actually paid for year bonuses

\$ ..... 184,194

10.23

Maximum amount payable withholds

\$ ..... 331,200

10.24

Amount actually paid for year withholds

\$ ..... 13,385

11.1

Is the reporting entity organized as:

11.12

A Medical Group / Staff Model,

Yes ( ) No (X)

11.13

An Individual Practice Association (IPA) , or

Yes (X) No ( )

11.14

A Mixed Model (combination of above) ?

Yes ( ) No (X)

11.2

Is the reporting entity subject to Minimum Net Worth Requirements?

Yes (X) No ( )

11.3

If yes, show the name of the state requiring such net worth.

..... Michigan

11.4

If yes, show the amount required.

\$ ..... 3,574,042

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes ( ) No (X)

11.6

If the amount is calculated, show the calculation

.....

.....

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Ingham County
.....
.....

FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2006	2005	2004	2003	2002
BALANCE SHEET (Page 2 and Page 3)					
1. Total admitted assets (Page 2, Line 26)	13,298,294	11,584,477	10,824,780	11,725,318	4,500,000
2. Total liabilities (Page 3, Line 22)	7,193,873	5,855,080	4,577,174	7,144,862	0
3. Statutory surplus	3,574,042	3,674,906	3,424,330	4,182,046	0
4. Total capital and surplus (Page 3, Line 31)	6,104,421	5,729,397	6,247,606	4,580,456	4,500,000
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	33,540,596	35,271,211	33,023,180	35,042,225	0
6. Total medical and hospital expenses (Line 18)	30,918,281	31,433,151	29,302,655	32,773,624	0
7. Claims adjustment expenses (Line 20)	1,051,638	1,193,201	1,482,896	1,429,875	0
8. Total administrative expenses (Line 21)	2,697,958	2,885,798	2,630,490	2,502,330	0
9. Net underwriting gain (loss) (Line 24)	(598,586)	(769,634)	(392,861)	(1,663,604)	0
10. Net investment gain (loss) (Line 27)	516,146	360,976	60,011	35,713	0
11. Total other income (Line 28 plus Line 29)	441,186	0	0	1,708,347	0
12. Net income or (loss) (Line 32)	358,746	(408,658)	(332,850)	80,456	0
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	6,104,421	5,729,397	6,247,606	4,580,456	4,500,000
14. Authorized control level risk-based capital	2,087,169	1,837,453	1,712,165	2,091,023	6,750
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	16,515	20,277	17,939	16,505	0
16. Total members months (Column 6, Line 7)	212,075	236,680	204,888	223,737	0
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Line 18 plus Line 19)	86.5	83.9	83.5	89.7	0.0
19. Cost containment expenses	0.1	0.1	0.1	X X X	X X X
20. Other claims adjustment expenses	2.8	3.1	4.2	3.9	0.0
21. Total underwriting deductions (Line 23)	95.5	96.2	95.3	100.5	0.0
22. Total underwriting gain (loss) (Line 24)	(1.7)	(2.1)	(1.1)	(4.6)	0.0
UNPAID CLAIMS ANALYSIS (U and I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Column 5)	4,030,512	2,747,351	1,776,826	0	0
24. Estimated liability of unpaid claims of prior year (Line 13, Column 6)	5,436,122	3,171,507	2,764,184	0	0
INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES					
25. Affiliated bonds (Schedule D Summary, Line 25, Column 1)	0	0	0	0	0
26. Affiliated preferred stocks (Schedule D Summary, Line 39, Column 1)	0	0	0	0	0
27. Affiliated common stocks (Schedule D Summary, Line 53, Column 2)	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Schedule DA, Part 2, Column 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate	0	0	0	0	0
30. All other affiliated	0	0	0	0	0
31. Total of above Line 25 to Line 30	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States .....	0	0	0	0
	2. Canada .....	0	0	0	0
	3. Other Countries .....	0	0	0	0
	4. Totals .....	0	0	0	0
States, Territories and Possessions (Direct and guaranteed)	5. United States .....	0	0	0	0
	6. Canada .....	0	0	0	0
	7. Other Countries .....	0	0	0	0
	8. Totals .....	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....	0	0	0	0
	10. Canada .....	0	0	0	0
	11. Other Countries .....	0	0	0	0
	12. Totals .....	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....	0	0	0	0
	14. Canada .....	0	0	0	0
	15. Other Countries .....	0	0	0	0
	16. Totals .....	0	0	0	0
Public Utilities (unaffiliated)	17. United States .....	0	0	0	0
	18. Canada .....	0	0	0	0
	19. Other Countries .....	0	0	0	0
	20. Totals .....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	0	0	0	0
	22. Canada .....	0	0	0	0
	23. Other Countries .....	0	0	0	0
	24. Totals .....	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals .....	0	0	0	0
	26. Total Bonds .....	0	0	0	0
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States .....	0	0	0	
	28. Canada .....	0	0	0	
	29. Other Countries .....	0	0	0	
	30. Totals .....	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....	0	0	0	
	32. Canada .....	0	0	0	
	33. Other Countries .....	0	0	0	
	34. Totals .....	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States .....	0	0	0	
	36. Canada .....	0	0	0	
	37. Other Countries .....	0	0	0	
	38. Totals .....	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals .....	0	0	0	
	40. Total Preferred Stocks .....	0	0	0	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States .....	0	0	0	
	42. Canada .....	0	0	0	
	43. Other Countries .....	0	0	0	
	44. Totals .....	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....	0	0	0	
	46. Canada .....	0	0	0	
	47. Other Countries .....	0	0	0	
	48. Totals .....	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States .....	3,896,792	3,896,792	3,990,065	
	50. Canada .....	0	0	0	
	51. Other Countries .....	0	0	0	
	52. Totals .....	3,896,792	3,896,792	3,990,065	
Parent, Subsidiaries and Affiliates	53. Totals .....	0	0	0	
	54. Total Common Stocks .....	3,896,792	3,896,792	3,990,065	
	55. Total Stocks .....	3,896,792	3,896,792	3,990,065	
	56. Total Bonds and Stocks .....	3,896,792	3,896,792	3,990,065	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks , prior year .....	3,706,965	7. Amortization of premium .....	0
2. Cost of bonds and stocks acquired , Column 7 , Part 3 .....	176,266	8. Foreign Exchange Adjustment:	
3. Accrual of discount .....	0	8.1 Column 15, Part 1 .....	0
4. Increase (decreased) by adjustment:		8.2 Column 19, Part 2, Section 1 .....	0
4.1 Column 12 minus Column 14, Part 1 .....	0	8.3 Column 16, Part 2, Section 2 .....	0
4.2 Column 15 minus Column 17, Part 2, Section 1 .....	0	8.4 Column 15, Part 4 .....	0
4.3 Column 15, Part 2, Section 2 .....	16,197	9. Book/adjusted carrying value at end of current period .....	3,896,793
4.4 Column 11 minus Column 13, Part 4 .....	82	10. Total valuation allowance .....	0
5. Total gain (loss) , Column 19, Part 4 .....	(108)	11. Subtotal (Line 9 plus Line 10) .....	3,896,793
6. Deduct consideration for bonds and stocks disposed of Column 7 , Part 4 .....	2,609	12. Total nonadmitted amounts .....	0
		13. Statement value of bonds and stocks , current period .....	3,896,793

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only					
			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.					Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employee Health Benefits Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama	AL	No	No	0	0	0	0	0	0
2.	Alaska	AK	No	No	0	0	0	0	0	0
3.	Arizona	AZ	No	No	0	0	0	0	0	0
4.	Arkansas	AR	No	No	0	0	0	0	0	0
5.	California	CA	No	No	0	0	0	0	0	0
6.	Colorado	CO	No	No	0	0	0	0	0	0
7.	Connecticut	CT	No	No	0	0	0	0	0	0
8.	Delaware	DE	No	No	0	0	0	0	0	0
9.	District of Columbia	DC	No	No	0	0	0	0	0	0
10.	Florida	FL	No	No	0	0	0	0	0	0
11.	Georgia	GA	No	No	0	0	0	0	0	0
12.	Hawaii	HI	No	No	0	0	0	0	0	0
13.	Idaho	ID	No	No	0	0	0	0	0	0
14.	Illinois	IL	No	No	0	0	0	0	0	0
15.	Indiana	IN	No	No	0	0	0	0	0	0
16.	Iowa	IA	No	No	0	0	0	0	0	0
17.	Kansas	KS	No	No	0	0	0	0	0	0
18.	Kentucky	KY	No	No	0	0	0	0	0	0
19.	Louisiana	LA	No	No	0	0	0	0	0	0
20.	Maine	ME	No	No	0	0	0	0	0	0
21.	Maryland	MD	No	No	0	0	0	0	0	0
22.	Massachusetts	MA	No	No	0	0	0	0	0	0
23.	Michigan	MI	No	Yes	0	0	35,879,838	0	0	0
24.	Minnesota	MN	No	No	0	0	0	0	0	0
25.	Mississippi	MS	No	No	0	0	0	0	0	0
26.	Missouri	MO	No	No	0	0	0	0	0	0
27.	Montana	MT	No	No	0	0	0	0	0	0
28.	Nebraska	NE	No	No	0	0	0	0	0	0
29.	Nevada	NV	No	No	0	0	0	0	0	0
30.	New Hampshire	NH	No	No	0	0	0	0	0	0
31.	New Jersey	NJ	No	No	0	0	0	0	0	0
32.	New Mexico	NM	No	No	0	0	0	0	0	0
33.	New York	NY	No	No	0	0	0	0	0	0
34.	North Carolina	NC	No	No	0	0	0	0	0	0
35.	North Dakota	ND	No	No	0	0	0	0	0	0
36.	Ohio	OH	No	No	0	0	0	0	0	0
37.	Oklahoma	OK	No	No	0	0	0	0	0	0
38.	Oregon	OR	No	No	0	0	0	0	0	0
39.	Pennsylvania	PA	No	No	0	0	0	0	0	0
40.	Rhode Island	RI	No	No	0	0	0	0	0	0
41.	South Carolina	SC	No	No	0	0	0	0	0	0
42.	South Dakota	SD	No	No	0	0	0	0	0	0
43.	Tennessee	TN	No	No	0	0	0	0	0	0
44.	Texas	TX	No	No	0	0	0	0	0	0
45.	Utah	UT	No	No	0	0	0	0	0	0
46.	Vermont	VT	No	No	0	0	0	0	0	0
47.	Virginia	VA	No	No	0	0	0	0	0	0
48.	Washington	WA	No	No	0	0	0	0	0	0
49.	West Virginia	WV	No	No	0	0	0	0	0	0
50.	Wisconsin	WI	No	No	0	0	0	0	0	0
51.	Wyoming	WY	No	No	0	0	0	0	0	0
52.	American Samoa	AS	No	No	0	0	0	0	0	0
53.	Guam	GU	No	No	0	0	0	0	0	0
54.	Puerto Rico	PR	No	No	0	0	0	0	0	0
55.	U.S. Virgin Islands	VI	No	No	0	0	0	0	0	0
56.	Northern Mariana Islands	MP	No	No	0	0	0	0	0	0
57.	Canada	CN	No	No	0	0	0	0	0	0
58.	Aggregate other alien	OT	XXX	XXX	0	0	0	0	0	0
59.	Subtotal		XXX	XXX	0	0	35,879,838	0	0	0
60.	Reporting entity contributions for Employee Benefit Plans		XXX	XXX	0	0	0	0	0	0
61.	Total (Direct Business)		XXX	(a) 1	0	0	35,879,838	0	0	0
DETAILS OF WRITE-INS										
5801.			XXX	XXX	0	0	0	0	0	0
5802.			XXX	XXX	0	0	0	0	0	0
5803.			XXX	XXX	0	0	0	0	0	0
5898.	Summary of remaining write-ins for Line 58 from overflow page		XXX	XXX	0	0	0	0	0	0
5899.	Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		XXX	XXX	0	0	0	0	0	0
Explanation of basis of allocation by states, premiums by state, etc.										

(a) Insert the number of yes responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**

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**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**

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